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**BLM - Cedar City Field Office
Meeting Record**

RECEIVED E-Mail**JUL 27 2009****Div. of Oil, Gas & Mining****Date:** July 22, 2009**Time:** 11 am – 1 pm**Persons Involved:**

Mark Dotson, President WUCC
Ron Wunderlich, Permit Coordinator, WUCC
George Young, consultant for WUCC
Roy Shipes, Western States Engineering, consultant for WUCC
Mark Novak, environmental engineer for State of Utah, Dept. of Environmental Quality
Woody Campbell, environmental engineer for State of Utah, Dept. of Environmental Quality
Ed Ginouves, Mining Engineer, BLM CCFO
Senator Dennis Stowell, Utah State Senate, District 28

Meeting Location: WUCC Milford Offices**Meeting Notes (by Ed Ginouves):**

The purpose of the meeting was to solicit expedited review and approval of a tailings pond construction permit from DEQ. The location of the tailings impoundment is on privately owned land owned or controlled by WUCC; no BLM land was directly involved but WUCC had invited me to the meeting as a courtesy and since we are an adjoining landowner. Senator Stowell (who resides in Beaver County) was obviously requested to be present as the mill operation falls within his District and is a major employer in the area.

Mr. Dotson led off the meeting by explaining that he felt it was an emergency situation to gain expedited permitting of a tailings impoundment for the company's flotation mill. The emergency arises from the fact that the mill operation is currently in violation of their approved permit by unintentional discharges of water and tailings from the permit area, together with the loss of critically needed mill water, and the 120 WUCC employees who depend on the project's success for their employment. He stated that WUCC had spent in excess of \$1.5 million on the current tailings belt presses, which were designed to de-water the tailings to ~10% moisture to allow them to be dry stacked. The presses have failed to perform as designed and have resulted in an unspecified amount of mill tailings (Mr. Dotson estimated ~30% of the tailings left the permit area) and mill water to be discharged from the mill and conveyed overland (on private land) to the unlined trench (also on private land) that was formerly excavated to serve as the raffinate pond for Nevada Star's SE-EW copper project proposed in 1997. Several acre-feet of water ended up in the pond and, now that the tailings have settled out, the bottom of the pond is growing more impermeable. They noted that there are frogs/toads (evidencing the benign nature of the tailings?) audible in the pond. After attempting to correct the problem with the belt presses, the company has concluded they will have to be replaced with lined tailings impoundment to dewater the tailings and recycle the mill water. The proposed tailing impoundment would be constructed on privately-owned land south of the mill building (the Noun & Pronoun claims).

WUCC had a footprint/ plan map of the proposed location of the impoundment along with a proposed tailing dike cross-section to discuss with the attendees. The tailings impoundment as proposed would be constructed on the south-ward sloping bedrock surface south of the mill with a ~1300' wide downhill dike and two side dikes being ~300' on the west and ~700' on the east. The dikes would be constructed of -8" 95% compaction material and keyed into the bedrock to a depth of ~4'. The dike slopes would be constructed to a 2:1 slope and the exterior slopes of the dikes would be rip-rapped with coarse rock. The maximum height of the dike (on the southernmost side) would be 30'. The interior of the diked area would be lined with a clay layer designed to achieve 10^{-6} permeability and then covered with a 40 or 60 mil HDPE sheet liner. The tailings/water slurry would be conveyed to the impoundment via a surface pipeline. Decanted mill water would be recovered by a decant tower inside the impounded area and recycled to the mill.

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Mr. Dotson noted that WUCC is also preparing a permit revision to add a vat leach circuit to the mill to allow for acid leach of the flotation tails to recover the non-floatable copper content of the mill feed. The plan would propose to convey the leach tailings into the impoundment also. The pregnant solution from the vat leach circuit would be processed through a SE-EW plant to also be constructed adjacent to the present mill on private land. WUCC has purchased a SE-EW plant owned and formerly operated by Mr. Shipes, that is presently located at Yerington, NV.

After listing to the proposal, Mr. Campbell told Mr. Dotson that WUCC will first need a construction permit to construct the impoundment and then either a groundwater discharge permit or permit by rule, if the situation qualifies based on tailings/water sampling. Mr. Campbell stated that the initial impoundment site preparation could be done without their approved construction permit, but they should have an approved permit prior to constructing the impoundment dikes and lining the impoundment. DEQ needed the plans and specs on the construction details ASAP to begin reviewing the proposal. They would to see the liner made from 60 mil HDPE and the seams tested by a competent firm. They also requested water quality testing on representative tailings water including pH, TDS, major ions, hardness and metals. They requested the submissions be made in a stand-alone document and not to piece-meal the submission with prior relevant data submitted by Nevada Star. Obviously, there are also permit revisions necessary to the approved LMO to conform the permit to the proposal.

WUCC thinks the pond construction will take 60-90 days and, of course, would like to begin immediately.

Some other notes:

After the meeting concluded, I spent some time discussing the project with Ron Wunderlich and Roy Shipes. Mr. Shipes believes the flotation tails can be leached with 6-7 lbs of acid per lb of recovered Cu by keeping the leach cycle short. The leached tails would be counter-current rinsed and pumped to the tailings impoundment. Ron noted that the upper well site pump rate had already decreased from its initial rate of 290 gpm to 190 gpm, an ominous sign. I also learned that WUCC had recently sampled the mill tailings at the historic Newhouse mill operation in Wah Wah Valley (this mill gravity concentrated and later flotation concentrated chalcopryite from the Cactus Mine) and discovered the tailings still contain ~0.5% copper along with Au and Ag. WUCC is considering trucking them to their mill for tertiary milling. The tailings are located on privately-owned land controlled by the Wintch family.